



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

NOV 20 2007

Honorable Richard Cheney
President of the Senate
U.S. Capitol Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

Section 1001(27) of the Water Resources Development Act (WRDA) of 2007 authorized a flood damage reduction and recreation project for the Roseau River, Minnesota in accordance with the Report of the Chief of Engineers, dated December 19, 2006. The views of the State of Minnesota, the Department of the Interior and the Federal Emergency Management Agency are set forth in the enclosed communications. The report was prepared in partial response to a resolution adopted by the Committee on Public Works of the United States Senate on September 30, 1974. The Secretary of the Army supports the authorization and plans to implement the project through the normal budget process at the appropriate time, considering National priorities and the availability of funds.

The recommended plan would provide a substantial portion of the City of Roseau with an improved flood damage reduction system at the 100-year level, along the Roseau River in the City of Roseau, Minnesota. The flood damage reduction features of the recommended plan consist of a 4.5-mile long diversion channel, 5.1 miles of levees along the diversion channel with a height of 5 feet or less, 2 storage areas, east and west of the diversion channel, a flow restriction structure to divert river flood flows into the diversion channel, an inlet control structure, 4.1 miles of levees with a height of 5 feet or less to contain peak flows within the storage areas, and new construction of 2 highway bridges and 1 railroad bridge to provide access over the diversion channel. The recreation features include 7 miles of multipurpose trails along the project corridor, 9 miles of off-road vehicle trails, a canoe trail along the river, interpretative sites, and a trailhead. The project does not require any separable mitigation as the project has been designed to offset any adverse impacts.

An exception to the requirement to recommend the national economic development plan (NED) was granted to the Corps in my June 16, 2006 letter to the Director of Civil Works. The recommended plan is the locally preferred plan (LPP), and it includes all of the NED plan features, with the addition of two large storage areas east and west of the diversion channel. The LPP provides the same flood damage reduction benefits as the NED plan, but the non-Federal



sponsor prefers the LPP because the additional storage features of the LPP would eliminate any risk of downstream stage increases associated with the NED plan. The non-Federal sponsor, the city of Roseau, would pay 100% of all costs of the LPP that exceed the NED plan.

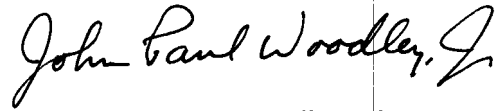
Based on October 2007 price levels, total first costs estimated for the NED plan are approximately \$22,780,000. The total first costs of the recommended plan are approximately \$25,800,000. The total first costs of the project include approximately \$24,050,000 for flood damage reduction and approximately \$1,750,000 for recreation. In accordance with the cost sharing provisions of Section 103 of the Water Resources Development Act (WRDA) of 1986, as amended, flood damage reduction features would be cost shared 65 percent Federal and 35 percent non-Federal and recreation features would be cost shared 50 percent Federal and 50 percent non-Federal. The overall Federal share of the estimated total first costs of the project would be \$14,200,000 and the non-Federal share would be \$8,580,000. The additional cost associated with the flood damage reduction features of the LPP is estimated at \$3,020,000. Federal cost sharing in the recommended LPP is limited to the Federal share of the NED plan and the non-Federal sponsor would be required to provide 100 percent of the additional costs associated with design and construction of LPP. As the non-Federal sponsor, the City of Roseau, Minnesota, would be responsible for the non-Federal cost share of the recommended plan, as well as the annual operation, maintenance, repair, replacement, and rehabilitation (OMRR&R) of the project after construction, a cost currently estimated at \$72,000 per year.

Based on October 2007 prices and a Federal discount rate of 4.875 percent, the estimated average annual cost of the recommended flood damage reduction plan is \$1,410,000, including annual OMRR&R of \$58,000. Average annual benefits attributed to the flood damage reduction plan are estimated at \$2,410,000, and the benefit-cost ratio is 1.7 to 1, with net benefits of \$1,000,000. The estimated average annual cost of the recreation portion of the recommended plan is \$110,000 with average annual recreation benefits of \$2,200,000, a benefit-cost ratio of 20.0 to 1, and net benefits of \$2,090,000. Combined net benefits for the flood damage reduction and recreation plan are \$3,090,000 and the combined project benefit-cost ratio is 3.0 to 1.

The Office of Management and Budget advises that there is no objection to the submission of the report to Congress. A copy of its letter is enclosed. I am providing a copy of this transmittal and the OMB letter dated November 5, 2007

to the Senate Subcommittees on Energy and Water, and Transportation and Infrastructure in accordance with the requirements of the Fiscal Year 2006 Energy and Water Development Appropriations Act (P.L. 109-103).

Very truly yours,

A handwritten signature in black ink that reads "John Paul Woodley, Jr." The signature is written in a cursive style with a large, stylized "J" and "W".

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures



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NOV 20 2007

Honorable Nancy Pelosi
Speaker of the House
of Representatives
U.S. Capitol Building, Room H-232
Washington, D.C. 20515-0001

Dear Madam Speaker:

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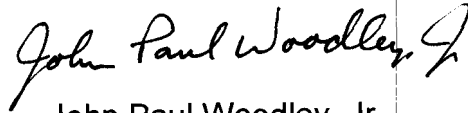
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Very truly yours,

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John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures